

BEFORE THE CALIFORNIA STATE BOARD OF EQUALIZATION

450 N Street, Room 121

Sacramento, California

REPORTER'S TRANSCRIPT

SEPTEMBER 28, 2005

BOARD MEETING

RE: RULES OF PRACTICE

Reported by: Beverly D. Toms

No. CSR 1662

P R E S E N T

For the Board
of Equalization:

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Chairman

Betty T. Yee
Acting Member

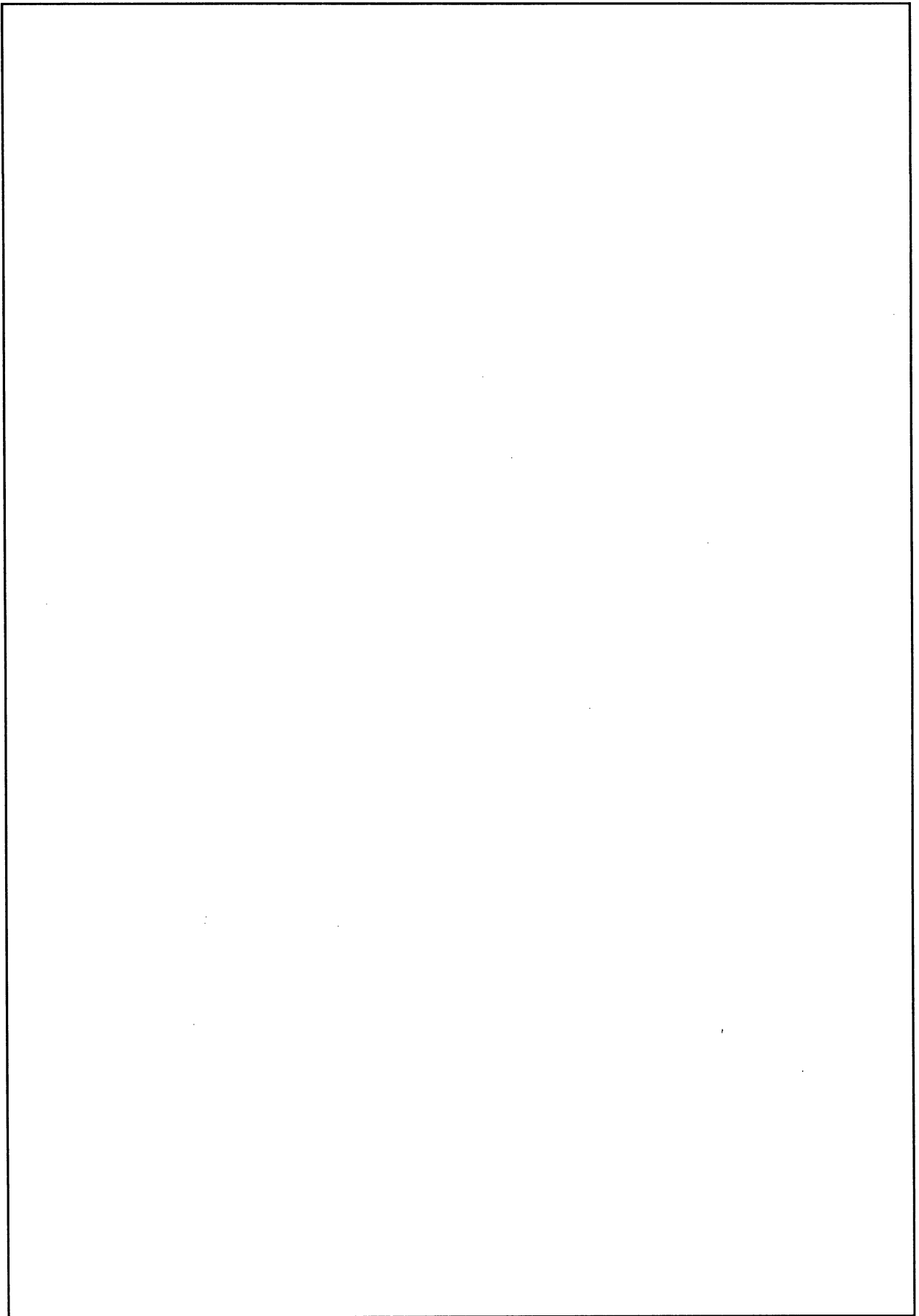
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Government Code
Section 7.9)

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1 Sacramento, California

2 September 28, 2005

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4 MR. CHIANG: Thank you for attending the first
5 of four public meetings on the Board of Equalization
6 Rules for California Tax Administration and Appellate
7 Review. The rules discussed today and in upcoming
8 meetings will regulate the administrative procedures for
9 appeals, refunds and Board hearings for the 25 Tax and
10 Fee programs that this Board oversees, as well as govern
11 how this Board interacts with the public it serves.

12 In the last five years taxpayers have filed
13 nearly 20,000 administrative appeals. Of these appeals,
14 10,000 have been resolved by this Board at Board
15 hearings and 1,300 of the taxpayers in these appeals
16 have received an oral hearing before this Board.

17 This Board recognizes that it is imperative
18 that every taxpayer be given full and fair access to all
19 administrative rights and that their grievances and
20 contentions be heard and responded to in a timely and
21 efficient manner throughout the appeals and refund
22 process.

23 To ensure that this occurs, this Board
24 understands the necessity to periodically modify our
25 administrative procedures in order to incorporate new
26 technologies to better serve our respective constituents
27 and to adjust for workload demands.

28 On behalf of the Board we look forward to

1 hearing your comments and suggestions on how to improve
2 and update our administrative procedures and ensure that
3 these procedures are accessible to each and every
4 taxpayer.

5 Debbie, if you'd call the next item on the
6 agenda.

7 MS. PELLEGRINI: Good morning, Mr. Chairman and
8 Members. If you notice this morning we did not have a
9 sign-in sheet for you to sign in to make public comment.
10 We are going to begin by passing around a sign-in sheet.
11 Please sign in. This will ensure that we have the
12 proper spelling of your name, if you make public
13 comments, and also who you represent. This will also
14 enable us to provide you additional information as the
15 rules work through the process.

16 There were four handouts that were in the foyer
17 this morning. We had the meeting agenda. We have
18 additional copies of the rules. We have a copy of
19 Mr. Heller's power point presentation so that you can
20 follow along. And we also have the yellow informational
21 sheet that provides the future meeting dates, and also
22 contact information. And if you are interested in
23 receiving a transcript or an audio of this presentation,
24 who to contact. The transcript will be placed on our
25 web site in approximately three weeks.

26 If you did not receive any of these handouts
27 and wish a copy, if you'll just raise your hand, staff
28 will provide you a copy.

1 Mr. Heller will begin by overviewing the
2 proposed regulations. Thank you.

3 MR. HELLER: Thank you very much. Good
4 morning, Mr. Chairman and Members of the Board. Can
5 everybody hear me properly?

6 No? Is this a little better? No. Sorry.
7 Make sure everybody can -- is this better?
8 No. Okay.

9 MS. PELLEGRINI: It's --

10 MR. HELLER: Perfect.

11 MS. PELLEGRINI: You need to raise the one on
12 your neck. I think that's the one that's not --

13 MR. HELLER: I don't think so.

14 MS. PELLEGRINI: -- is our audio.

15 MR. HELLER: Pardon me. Is this better now?
16 Can everybody can hear me now?

17 Thank you.

18 Once again, thank you, Mr. Chairman, Members of
19 the Board. Good morning. Before I begin I wanted to go
20 ahead and thank the Board for all their interest in our
21 program and for putting this meeting together.

22 I think it's a great step forward for
23 taxpayers. Also, I'd like to thank the team that helped
24 put this all together. Our Chief Counsel, Kristine
25 Cazadd. Our other tax counsels, Carol Ruwart, Reed
26 Schreiter and Ian Foster. Our assistants, Diane Also.
27 Philip Spielman, Arlo Gilbert and Bill Kimsee. And our
28 technical assistants from Chris Rees, John Pratt,

1 Michael Lebeau and Randy Silva, all -- this presentation
2 would not be ready this morning without all of their
3 help.

4 Basically I'm here to introduce the Board of
5 Equalization rules for California tax administration and
6 appellate review, which I'll be referring to as the
7 proposed rules throughout this presentation. I'll begin
8 by providing background on the intent and purpose of the
9 rules, and then I will guide you through the rules from
10 the beginning to end while noting some of the more
11 interesting and important provisions.

12 I will conclude by providing more information
13 on how you can.

14 Continue to participate in the Board's review
15 of the proposed rules.

16 The proposed rules are designed to encompass
17 all of the Board's procedures applicable to the Board's
18 administrative review processes for all of its programs.
19 They contain detailed procedures applicable to the
20 Board's review of petitions, claims for refund, requests
21 for administrative review, requests for relief of
22 penalties for all of the Board-administered taxes and
23 fees.

24 They also contain detailed procedures
25 applicable to -- to the Board's review of petitions and
26 applications for all of the Board-administered property
27 tax programs.

28 They also contain the Board's procedures for

1 hearing appeals from actions of the Franchise Tax
2 Board -- excuse me.

3 The proposed rules are intended to make the
4 Board's procedures more transparent and accessible so
5 that the Board can be more responsive to the public in
6 all of its functions.

7 The proposed rules promote transparency by
8 providing a single source everyone can turn to for all
9 of the Board's procedures, providing more detailed
10 information on the Board's procedures than the Board
11 previously made available, and reorganizing all of the
12 procedures into a more logical and easily accessible
13 order.

14 Increased transparency and accessibility
15 should also promote voluntary compliance -- excuse me,
16 promote voluntary compliance with California's tax laws
17 by increasing public trust.

18 More specifically, the proposed rules will make
19 the Board's procedures more transparent and accessible
20 by creating a single source, replacing numerous
21 procedural regulations, operations, memorandums and
22 publications; replacing and augmenting current property
23 tax regulations; providing new streamlined procedures
24 for income tax appeals; and providing new more detailed
25 Board hearing procedures.

26 The overall reorganization of the Board's
27 procedures should improve everyone's access by taking
28 information from multiple resources, putting it all into

1 one place, and reorganizing all of the information based
2 upon the applicable tax program and the chronological
3 sequence in which it is needed during the administrative
4 review process.

5 The pros -- the proposed rules also address
6 specific concerns raised with the Board, such as the
7 appropriateness of communicating with Board Members
8 outside of hearings; the need to further define and
9 expand upon the information that becomes public --
10 publicly disclosable after the Board hears a case during
11 an open meeting; the need for the Board to provide the
12 more -- provide more information to the public regarding
13 its decisions.

14 In order to be more clear and understandable,
15 the proposed rules are divided into five parts; one for
16 each major subject matter area.

17 Part 1 contains the statement of intent and the
18 title for the proposed rules.

19 Part 2 provides the rules for review of
20 business taxes and fees.

21 Part 3 provides the rules for the
22 administrative review of the Board-administered property
23 tax programs.

24 Part 4 provides the procedures applicable to
25 appeals from the actions of the Franchise Tax Board.

26 And Part 5 contains all of the Board's general
27 hearing procedures.

28 The section numbers within each part correspond

1 to the part number. For example, Part two begins with
2 sec -- excuse me. Part 1 begins with section 1000.
3 Part two begins with section 2000, and so on.

4 So by looking at the first number of a section
5 you can automatically tell which part it belongs to.

6 However, everyone should know that the proposed
7 rules will be renumbered during the formal rulemaking
8 process even though they will retain their organization.
9 And for those of you who are familiar with the
10 organization of our current rules, basically most of
11 them are in the 5,000 sections, and that's where most of
12 these rules will probably end up being placed when
13 they're organized. But for the current -- for our
14 current purposes they've been all grouped together and
15 numbered sequentially so that everyone can understand
16 them much better

17 Excuse me. Okay. Beginning with Part 1, Part
18 1 contains the Board's intent for the proposed rules and
19 sets the tone for the rest of the proposal.

20 In the Statement of Intent, the Board
21 recognizes that tax administration is the most sensitive
22 point of contact between taxpayers and their government.
23 And that access to Board Members and all of the Board
24 staff, combined with clear, well-organized and concise
25 procedures, will not only ease tensions, but will also
26 promote positive feelings towards the Board.

27 Part 1 also declares that it's imperative for
28 the Board Members to remain accessible to their

1 constituents, subordinates and other governmental
2 agencies at all times in order to carry out their
3 constitutional and statutory duties to oversee the
4 administration of taxes throughout California.

5 This is a theme that will be continued
6 throughout the presentation.

7 The -- Part 1 also demonstrates the Board's
8 intent to fully address the nature of Board hearings and
9 prescribe more specific rules for the issuance of
10 decisions and the publication of opinions.

11 Part 2 contains the procedures applicable to
12 the administrative review of business taxes and fees.
13 Article 1 explains that Part 2 is applicable to
14 petitions, late protests, applications for
15 administrative review, claims for refund, requests for
16 relief of -- for all of the Board-administered business
17 taxes and fees. So it essentially creates a one-stop
18 shop for all of your procedures.

19 In -- excuse me. In order to get a feel for
20 the scope of Part 2, I have listed most of the business
21 taxes and fees for you. Some of the more familiar ones
22 would be the Sales and Use tax, the Cigarette and
23 Tobacco Products tax, the Diesel Fuel Tax which is in
24 the news quite a bit late -- lately. And as you can
25 see -- let's see, Part 2 also applies to several other
26 additional fees, including recovered Electronic Waste
27 Recycling Fee, the re -- the Tire Recycling Fee, Marine
28 Invasive Species Fee, Natural Gas Surcharge -- excuse

1 me, and the Water Rights Fee.

2 Article 2A contains the procedures applicable
3 to petitions for redetermination. Article 2A identifies
4 the persons who may file a petition, provides all the
5 applicable Statute of Limitations for the various
6 business taxes and fees, which if you've ever tried to
7 figure out one for a specific fee, it can be very
8 difficult.

9 And what this -- what this article does is
10 actually combine all of those different Statute of
11 Limitations into one section and make it much easier for
12 people to determine when things are due. It
13 provides -- it also prescribes the contents of petitions
14 and identifies specific information applicable to
15 petitions for each particular business tax or fee. So,
16 if something special is required for a plain -- or a
17 petition for review for a diesel fuel tax, it will
18 describe those special documents that might be
19 necessary.

20 It also provides the appropriate addresses for
21 sending each type of petition and explains the initial
22 review process.

23 Article 2A also provides petitioners with the
24 ability to amend their petitions after they're filed;
25 explains that filing a petition does not stop the
26 accrual of interest; and prescribes the scope of
27 petitions filed with regard to four programs for which
28 the Board shares administrative authority with other

1 agencies. And they're all listed there on the bottom of
2 the slide. There's the Hazardous Substances Tax Law;
3 Childhood Lead Poisoning Prevention Fee; Covered
4 Electronic Waste Recycling Fee; and the Water Rights Fee
5 Law.

6 Article 2B memorializes the Board's
7 long-standing policy of exercising its discretion to
8 accept untimely petitions as late protests. It explains
9 that late protests will be reviewed like petitions --
10 excuse me, like petitions in accordance with Article 2A
11 except that the Board retains discretion as to whether
12 to provide an Appeals Conference or an oral hearing.

13 And I think if you've ever tried to find
14 the -- the statute or the regulation explaining how we
15 handle late protests, you probably were unsuccessful
16 just like I was. So, I hope that this will provide more
17 guidance to the public.

18 Article 2C addresses petitions for
19 redetermination and applications for administrative
20 review of jeopardy determinations. It prescribes the
21 contents of the petitions and applications. It
22 prescribes the time period within which they must be
23 filed.

24 Article 2C also explains the scope of
25 administrative review of jeopardy determinations and
26 describes the procedures to be followed in the review
27 process.

28 It also identifies the need to deposit

1 security with the Board to prevent the seizure and sale
2 of property pursuant to a jeopardy determination. Since
3 jeopardy determinations are -- are final upon issuance,
4 the Board can begin collection actions unless it does
5 receive security within ten days.

6 Article 3 applies to claims for refund.
7 Article 3 identifies those persons who may file a valid
8 claim and even goes so far as to identify third parties
9 who may file a claim where -- where statutes allow it.
10 It sets forth the applicable Statute of Limitation for
11 each business tax and fee, and explains the filing
12 time -- excuse me, explains that failing to file a
13 timely claim waives the claimant's right to a claim.
14 And it also -- excuse me. It also prescribes the
15 contents of properly completed claims.

16 Article 3 also provides the mailing address for
17 filing claims under various business taxes and fees;
18 describes the entire claim review process; warns
19 claimants that their refund may be credited or offset
20 against other liabilities which may or may not be a
21 shock to some -- some claimants. And this is an effort
22 to advise them in advance. And also defines the scope
23 of claims filed under certain business taxes and fees,
24 which are similar to the provisions on the scope for
25 petitions for redetermination.

26 Okay. Article 4A provides the procedures
27 applicable to requests for innocent spouse and other
28 equitable relief.

1 Article 4A identifies those spouses that are
2 eligible for relief; explains how they can prepare their
3 request for relief; provides a mailing address where
4 they should file their request, and explains the Board's
5 process for reviewing such requests.

6 Article 2 -- excuse me, Article 4B prescribes
7 the procedures applicable to successor's request for
8 relief from penalties imposed on their predecessors
9 pursuant to the Sales and Use Tax Law.

10 As you can see, all of the Article 4s, 4A and
11 so on are -- deal with requests for relief.

12 Article 4B prescribes -- excuse me, allows such
13 requests to be included in the successor's petitions for
14 reconsideration. So if you have a successor who's
15 requesting relief of a penalty because they're not
16 related to their predecessor and also is requesting --
17 is filing a petition for redetermination, they can
18 include their request for relief right in the petition.

19 It also requires that all such requests be in
20 writing and that they be signed by the successor under
21 penalty of perjury.

22 Article 4C applies to other requests for relief
23 based upon reasonable cause, unreasonable error or
24 delay, reasonable reliance on written advice from the
25 Board staff, and the concur -- the occurrence of a
26 disaster.

27 Article 5 incorporates the Board's current
28 procedures with regard to claims of incorrect or

1 non-distribution of local taxes. And it really makes no
2 substantive change in that area and really doesn't
3 modify hardly any of the procedures, either. But it's
4 been included so that the entire set of rules will be
5 comprehensive.

6 Article 6 provides the procedures applicable to
7 Appeals Conferences and the Appeals Division. Article 6
8 provides the procedures applicable to the scheduling of
9 an Appeals Conference; explains the functions of the
10 conference-holder, provides the time periods for
11 submitting evidence; describes the persons who will be
12 present at the Appeals Conference, and recommends ways
13 to expedite the scheduling of an Appeals Conference.

14 Most notably, Article 6 prescribes the contents
15 of the Decisions and Recommendations issued by the
16 Appeals Division. So there will actually be a --
17 requisites for a Decision and Recommendation so that
18 taxpayers and practitioners can ensure that they're
19 complete upon issuance.

20 Article 6 also explains that Board staff cannot
21 request oral hearing before the Board to contest the
22 recommendations of the Appeals Divisions. So if the
23 Appeals Division does issue a favorable recommenda --
24 Decision and Recommendation to a taxpayer, Board staff
25 will not request an oral hearing before the Board and
26 contest the Appeals Division's decision. The Appeals
27 Division's recommendation will be submitted to the
28 Board.

1 Part 3 addresses the Board's administrative
2 review of the Board-administered property tax programs.
3 Part 3 contains all of the procedures applicable to the
4 administrative review.

5 Article 1 provides the procedures applicable to
6 petitions for reassessment of State-assessed property
7 and private railroad cars. It explains that the
8 underlying data the Board uses to assess such property
9 will be available to the State assessees after May 31st
10 of each year. And it prescribes the procedures
11 applicable to an assessment factor hearing.

12 Article 1 of Part 3 also provides the time
13 periods in which the State-assessee must file a petition
14 for reassessment. It prescribes the contents of such
15 petitions. Describes the Board's entire review process
16 from beginning to end. And explains the Board's
17 decisions on a petition -- explains that the Board's
18 decisions on a petition for reassessment become final
19 immediately after its issuance.

20 Article 2 contains the procedures applicable to
21 petitions for equalization of government-owned property.
22 It explains how to file petitions for review,
23 equalization and adjustment of assessments of
24 publicly-owned property, and provides a time period in
25 which they must be filed.

26 Article 2 also provides County Assessors with
27 guidance for answering petitions; explains the Appeals
28 Division's function in the review process; and

1 guarantees equal access to information to petitioners
2 and County Assessors.

3 Article 3 of Part 3 provides the procedures for
4 petitioning the staff finding of ineligibility for a
5 welfare exemption. Article 3 identifies the period in
6 which petitions must be filed; prescribes the contents
7 of such petitions; requires that petitioners attend a
8 pre-hearing conference with the Appeals Division;
9 prescribes the applicable briefing schedule;
10 describes the information and documents that will be
11 distributed prior to the Board hearings, and provides
12 that Board decisions on such petitions are final once
13 issued.

14 Article 3 also -- oh, excuse me. Article 3
15 also identifies the applicable Statute of Limitations.

16 Article 4 provides County Assessors with the
17 procedures applicable to the administrative review of
18 the Board's Property Tax Assessment Sampling Program.

19 And contains the procedures applicable to a County
20 Assessor's petition appealing appraisals made by the
21 Board's County Property Tax Division.

22 Article 4 -- excuse me, Article 4 provides the
23 time period for filing petitions and prescribes their
24 contents.

25 Article 4 also describes the processes --
26 process for reviewing the successor -- for reviewing a
27 successor's petition. That's correct. Excuse me, for
28 reviewing County Assessor's petitions, excuse me. And

1 it provides all the procedures from the acknowledgement
2 of the petition through the pre-hearing conference, a
3 briefing of the issues, specific preparation for the
4 Board hearing, and the actual oral hearing, itself.

5 Part -- excuse me. Part 4 contains the
6 procedures applicable to appeals from actions of the
7 Franchise Tax Board.

8 Article 1 of Part 5 provides a clear, concise
9 statement of the Board's jurisdiction, including
10 jurisdiction to hear appeals from notices granting or
11 denying innocent spouse relief.

12 Article 2 of Part 5 prescribes the contents of
13 an appeal; provides appellants with the ability to
14 perfect incomplete appeals; and states a time period for
15 filing a timely appeal. And none of those are
16 actually new procedures in and of themselves. We've
17 already -- always allowed appellants to -- to cure
18 incomplete -- incomplete appeals, but we have added more
19 detail to all the provisions.

20 Excuse me. Article 3 describes a briefing
21 process and contains the briefing schedules for four
22 different types of appeals. It contains a general
23 schedule similar to the Board's current briefing
24 schedule. It contains a new briefing process and
25 schedule for innocent spouse appeals, which is
26 innovative in the fact that it allows the non-appealing
27 spouse to participate in the appeal process.

28 It creates a separate briefing schedule for

1 homeowners and renters property taxes appeals. And it
2 also has a brand new, streamlined elective briefing
3 process for small tax appeals which is based upon the
4 United States Tax Court's elective small tax case
5 procedures. This procedure would apply to appeals where
6 the amount at issue, exclusive of accrued interest --
7 excuse me, exclusive of accrued but unpaid interest,
8 does not exceed \$5,000.

9 So, basically, in determining the amount at
10 issue we would look at penalties that are imposed and
11 actual tax at issue, and if it was a claim for refund
12 the amount of interest that was paid. But for purposes
13 of like an appeal from an unpaid amount, we would not
14 look at accrued but unpaid interest in determining the
15 \$5,000 amount since the interest can easily drive the
16 amount at issue over \$5,000, and that was certainly not
17 the intent. The intent was to provide a streamlined
18 procedure for taxpayers with smaller cases.

19 Article 4 contains rules requiring requests for
20 oral hearing to be submitted in writing.

21 Article 4 also contains new procedures allowing
22 the Appeals Division to request additional briefing to
23 clarify fact and issues presented in the appeals before
24 completing its hearing summaries.

25 For those of you who have experience with
26 Franchise and Income Tax appeals, it's frequently the
27 case that we have at least one or two issues that are
28 not completely developed by the time that the case is

1 scheduled for an oral hearing. And often the Franchise
2 Tax Board or the appellant are asked to provide
3 additional information or prepare to -- or be prepared
4 to answer certain questions at the hearing.

5 And this new procedure is designed to allow the Appeals
6 Division to go ahead and request that information in
7 advance and obtain that before preparing its hearing
8 summary so that all the information is available to the
9 Board at the start of the hearing. And we're hoping
10 that this will make the hearings much more efficient.

11 And Article 4 also contains a requirement
12 requiring the Appeals Division to submit its hearing
13 summaries 30 days before each oral hearing.

14 Let's see. Article 5 describes three types of
15 decisions the Board may issue in an appeal and describes
16 their precedential effect. It describes letter
17 decisions, which have no precedential effect. Summary
18 decisions, which provide more information than letter
19 decisions but also do not have a precedential effect.
20 And formal opinions, which do create precedent and
21 typically contain a detailed application of the facts
22 and to -- excuse me, detailed application of the law to
23 the facts provided and the conclusions reached by the
24 Board.

25 And Article 5 also incorporates a new
26 innovative procedure that would allow a descending Board
27 Member to include a dissenting opinion providing his --
28 his or her rationale for opposing the adoption of a

1 formal opinion in cases where the Board does adopt a
2 formal opinion.

3 So, if the majority of the Board decides to
4 publish a precedential opinion and another Board Member
5 disagrees with that opinion or the -- the adoption of a
6 formal opinion, they can now go ahead and adopt a
7 dissenting opinion and convey their -- basically, send a
8 message that can be heard by taxpayers everywhere and
9 future Board Members as the Board changes over
10 periodically.

11 Article 6 concludes Part 5 by explaining when
12 Board decisions become final, giving notice that the
13 Board may hold its decisions in abeyance before they
14 become final -- excuse me, before they can become final
15 and providing procedures for requesting and granting a
16 rehearing on a decision.

17 Part 5, which we're all here to discuss today,
18 not just me, contains the Board's General Board Hearing
19 Procedures.

20 Part 5 provides the Board's current
21 procedures -- excuse me, improves the Board's current
22 procedures by arranging them in their chronological
23 order.

24 Part 5 does not apply to appeals from Franchise
25 Tax Board actions where the more specific provisions of
26 Part 4 take precedent. For example, the briefing
27 schedule in Part 5 would not apply to a small tax appeal
28 where the taxpayer elected the briefing schedule for

1 small tax appeals.

2 Article 2 of Part 5 is divided into three
3 chapters. The first two chapters explain how the Board
4 adopts its annual meeting calendar and then schedules
5 individual cases for hearing at Board meetings.

6 Article -- Chapter 3 identifies and describes
7 the three main pre-hearing documents. The Power of
8 Attorney form. Contribution disclosure form. And the
9 hearing summary. It provides a description of the
10 upcoming hearing, which I think will be valuable to --
11 to taxpayers who are attending a Board hearing for the
12 first time.

13 And it also explains how time will be allocated
14 at the hearing.

15 Chapter 3 of Article 2 also contains one of the
16 most important new provisions in Part 5. That's section
17 5015.1 which we'll be taking comments on in a few
18 minutes. And this section carries out the Board's
19 intent, which I discussed earlier, to be accessible to
20 its constituents, subordinates and other governmental
21 agencies by expressly authorizing such persons to
22 contact Board Members at any time, even while a case is
23 pending before the Board.

24 The authorization contained in this section
25 also specifically mentions members of the Bar in an
26 effort to dispel the effects of a non-binding advisory
27 opinion issued by the State Bar in 1984, which may have
28 led some attorneys to refrain from contacting Board

1 Members in the past.

2 And that provision basically is designed to --
3 to inform everyone, all practitioners and tax and fee
4 payers and representatives of other State and Federal
5 agencies that they are authorized to contact the Board
6 at any time if -- when the necessity arises.

7 Let's see. Let's see, where am I? Okay.

8 Part 3. Pardon me. Article 3 of Part 5
9 explains how the Board prepares its agenda for a Board
10 meeting and issues its public agenda notice at least ten
11 days before a Board meeting.

12 Article 4 provides the information that parties
13 need to know in order to feel comfortable when they
14 arrive at their Board hearings.

15 Article 4 explains when you arrive; explains
16 how to sign in for a hearing and submit last minute
17 documentation, including contribution disclosure forms;
18 and specifically states that staff from the Taxpayers
19 Rights Advocate office will be available to help answer
20 questions at every Board meeting.

21 Article 5 describes the manner in which Board
22 meetings are conducted.

23 Article 5 provides references to all the
24 applicable laws, like the Bagley-Keene Open Meeting Act,
25 and explains the order in which cases are called.

26 Article 5 also preserves the applicable right
27 to address the Board on an agenda item.

28 Article 6 explains that a quorum must be

1 present for the Board to render a -- a decision. It
2 also provides a detailed description of the manner in
3 which the Board votes on motions and explains the effect
4 of each type of motion.

5 Article 7 requires the Board to provide written
6 notice of its decision and explains when decisions
7 become final.

8 Article 7 also contains the procedures for
9 requesting and granting a rehearing.

10 Article 8 concludes Part 5 and contains the
11 most innovative provisions in the proposed rules. These
12 are two sets of alternative provisions governing
13 publicly disclosable information.

14 The first alternative, which is at Section 5033
15 and is labeled "First Alternative," provides rules that
16 only allow the public to attain -- obtain the hearing
17 minutes, transcripts and any exhibits incorporated into
18 the hearing record for almost all of the Board's
19 programs except appeals from Franchise Tax Board
20 actions. These basically mirror our current rules and
21 do not provide for the disclosure of most information
22 necessary to understand the decisions and complex
23 business tax and fee cases.

24 Alternative 2, the second alternative, provides
25 a much broader public record. It begins by saying that
26 hearing minutes and transcripts and exhibits
27 incorporated into the hearing record are still publicly
28 disclosable records.

1 This -- then Section 5033.1 explains that tax
2 and fee payers grant the Board a limited waiver of their
3 right to confidentiality by requesting oral hearings.
4 This limited waiver only applies to information that is
5 directly relevant to their hearings and does not include
6 certain personal information.

7 Up until this point there has been -- there has
8 always been some sort of limited waiver that applied
9 when a taxpayer requested an oral hearing before the
10 Board since the Bagley-Keene Open Meeting Act requires
11 that the meeting be open and that basically provides a
12 right for any person to attend the meeting and record
13 either orally or by video any of the proceedings.

14 So, there's clearly some sort of waiver and
15 this procedure actually tries to set forth the scope of
16 that waiver for the first time.

17 Let's see. The limited waiver does not become
18 effective until the Board issues its public agenda
19 notice for the Board meeting at which the tax or fee
20 payer's case will be heard. So by just simply
21 requesting an oral hearing when you file a petition or
22 claim for refund, the taxpayer will not have waived
23 their rights to confidentiality in any respect. It
24 will -- that waiver will only arise once the -- once the
25 Board issues its public agenda notice for the upcoming
26 hearing.

27 So, it's generally about ten days before the
28 hearing, so there's plenty of time for taxpayers to

1 decide whether or not they want to go forward with their
2 oral hearing and subject themselves to the limited
3 waiver.

4 The tax or fee payers may request that certain
5 harmful information be protected from disclosure
6 pursuant to Section 5033.2, which is in addition to the
7 protection of certain personal information such as like
8 home mailing addresses and Social Security numbers.

9 And section 5033.2 provides the actual
10 procedures for protecting harmful information. If a tax
11 or fee payer requests that certain harmful information
12 be protected from disclosure, the Board will rule on the
13 request at least five days before the limited waiver
14 becomes effective.

15 So this would be at least five days before we
16 issue the public agenda notice. And this advanced
17 notice will allow the tax or fee payer to decide whether
18 or not to waive its oral hearing if the Board rules --
19 ruling unfavorable.

20 So, if the Board -- if a taxpayer is requesting
21 that certain information be kept confidential,
22 regardless of their Board hearing, and the Board
23 determines that that information will still become
24 disclosable, then the taxpayer will still have time to
25 decide whether they want to waive their oral hearing or
26 accept that the limited waiver would apply.

27 Let's see here. Conclusion.

28 This concludes today's introduction of the

1 proposed rules. The Board has not yet made any
2 decisions to adopt any of the proposed rules and will
3 not do so or begin the formal rulemaking process until
4 it has received input from the public over the next
5 several months.

6 In just a few minutes the Chair will invite you
7 to make comments regarding Part 5, General Board Hearing
8 Procedures, which I just finished discussing. The Board
9 will also hold additional interested parties meetings to
10 discuss the rest of the proposed rules in the near
11 future.

12 You should have received a handout on your way
13 in containing all the dates of the upcoming meetings.
14 And those meetings -- the October meeting will -- will
15 provide an opportunity to discuss and comment on Part 2,
16 business taxes and fees.

17 And the November meeting will provide
18 opportunities to do the same for Part 3, Property Taxes.

19 And the December meeting will address appeals
20 from actions of the Franchise Tax Board, and also
21 provide a second opportunity to discuss the Board's
22 general hearing procedures, which we'll be discussing in
23 just a moment.

24 Our goal is to begin the rulemaking process
25 sometime in January or February, and that's probably the
26 first time that a rulemaking package will be available
27 for the Board Members to decide upon.

28 Please visit our web site at boe.ca.gov for

1 more information. It will be constantly updated as new
2 information becomes available, and it should include a
3 copy of this power point presentation, and will
4 eventually have the -- a transcript of today's meeting
5 posted, as well, for your future reference.

6 And I want to thank you all for attending
7 today. And I'll return the attention back to the Chair.

8 Thank you, Mr. Chiang.

9 MR. CHIANG: Thank you very kindly.

10 Debbie, next item, please.

11 MS. PELLEGRINI: Okay. We will now begin
12 taking public comment. As announced in the public
13 agenda notice, we will begin with Part 5, which is the
14 General Board Hearing Procedures. When we conclude
15 taking comments on this part, we will open it up to any
16 other comments that you have regarding our rulemaking
17 process, what we are doing on these rules.

18 We are going to begin with using a structured
19 process to get your comments. We are going to begin
20 with Communication with the Board Members, which is
21 Section 5015. That's a portion of Article 2. We'll
22 follow that with the Disclosure, which is Section 5033.
23 That's the one that Mr. Heller just completed.

24 From that point forth we'll just start with
25 Article 1 and continue through Article 8.

26 You will notice that we have a microphone -- a
27 free-standing microphone in the center aisle. What we
28 will be doing is, as I announce the item, I will ask you

1 to step forward to the microphone. We're asking that no
2 more than three or four people approach at a time.

3 Don't worry, I will keep saying, "Is there anyone else
4 that wants to make comments on this particular topic?"

5 When you do approach the microphones, we do not
6 have sign-in sheets, even though you've signed the other
7 one -- it's going to be very important for you to state
8 your name for the record, who you represent and if you
9 can identify a particular chapter or section that is
10 related to your comments.

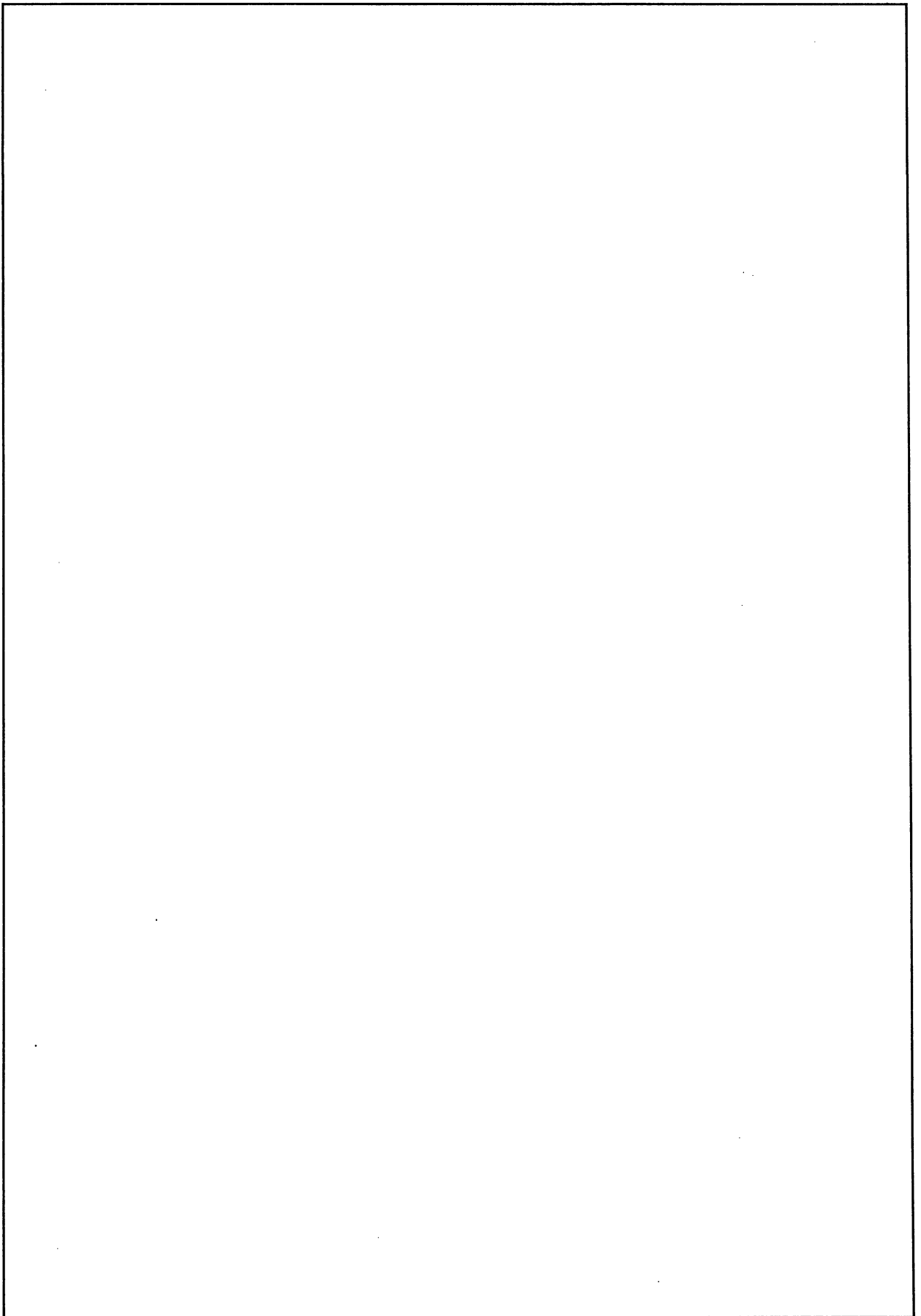
11 And, again, we're going to ask that you make a
12 comment on the article only once, but you will be
13 provided many opportunities to come forth for each
14 article that you want to make comments on.

15 And, lastly, again, we will open it up to
16 general comments afterwards. When we finish each
17 article, I will turn it back over to the Board Members,
18 if they wish to discuss the item or if they do want any
19 additional comments.

20 So, the first item that we are going to take is
21 Communication with the Board Members. That is Section
22 5015, a portion of Article 2. And if you're interested
23 in speaking, if you will please come forward to the
24 microphone.

25 Oh, and -- excuse me, there is a time limit of
26 three minutes each for -- on each article that you're
27 addressing.

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COMMUNICATIONS

BRUCE LANGSTON

MR. CHIANG: Good morning, and welcome.

MR. LANGSTON: Good morning, Mr. Chairman and Board Members. My name is Bruce Langston, from the Franchise Tax Board, Legal Staff. I have a specific comment on this section, and I will have general comments later on some of the other ones.

On this one, specifically, the Franchise Tax Board's Chief Counsel, John Davies, has directed us to urge that this provision not be adopted, but that if it is adopted, if ex parte communications are to be allowed, that FTB should be notified and included in any meeting or call, and each ex parte discussion should have a public log available as to the case or matter discussed, and the names of all individuals meeting with the Board Member and/or his or her staffs. Thank you.

MR. CHIANG: Thank you, Bruce.

---oOo---

LENNY GOLDBERG

MR. CHIANG: Lenny.

MR. GOLDBERG: Lenny Goldberg, California Tax Reform Association. I have spoken on this issue before.

This Board really needs to make a distinction between what are -- and I'll use the terms that are used at the Public Utilities Commission -- quasi-legislative proceedings and quasi-judicial or judicial proceedings. And rulemaking is quasi-legislative. There is no

1 question that there should always be interaction with --
2 with decision-makers, anybody can talk a whole wide
3 ranging degree of discussion. On a -- if -- if this
4 Board is -- continues to say it is the judicial, and I
5 know some people, Mr. Parrish, has said we're really not
6 acting in a judicial manner, but in -- in these cases,
7 in these hearings you're acting as -- in a judicial
8 manner. The notion of absolutely free interchange among
9 all parties is one that should be unacceptable --
10 unacceptable to a judicial process with regard to ex
11 parte communications.

12 Now, at the PUC, when there are ex party
13 communications as -- as you just heard there, there are
14 notices of exactly what was discussed and in fact
15 Commissioners are now holding all party meetings rather
16 than having serial ex parte communications. They will
17 hold all party meetings with all members and all issues
18 will be discussed openly in front of the members.

19 There -- there's -- there are two issues here.
20 One is the ability to seek favor from a particular
21 member in a judicial proceeding and provide information
22 that is not a matter of the public record.

23 The other, which -- the way this language is
24 written, implies that a Member of the Board of
25 Equalization at all staff and administrative and
26 prehearing levels can be involved, interfere, if you
27 will, have discussions about the taxpayer's issue even
28 before it gets to the Board.

1 And a corollary, not only should all ex parte
2 communications be disclosed, there should be
3 opportunities for all open -- open meetings if you're
4 going to continue ex parte communications on judicial,
5 but at least a corollary of this rule should be to say
6 that in no way may a Board Member get involved at the
7 staff level with a tax -- particular taxpayer's case
8 until it comes before them at the hearing level.

9 And I know from talking to auditors and others,
10 there's really questionable activity with regard to the
11 Board interfering early on behalf of the taxpayers. So,
12 there should be no involvement by Board Members with any
13 subordinates, any staff, with the taxpayer as that issue
14 is being -- working its way through the administrative
15 process.

16 At that point then you face the issue of ex
17 parte communications with public reports. But I suggest
18 on the -- on the quasi-judicial where you have --
19 particularly as it's something -- and we've had
20 discussions of this, as it's coming close to the period
21 of time that there be a period in which there's
22 absolutely no communication between the taxpayer and the
23 Board.

24 There are a lot of -- I'm -- I'm throwing out a
25 lot of issues here because there are a lot of variations
26 on the theme that if you don't fully exempt judicial
27 proceedings from ex parte communications, there are
28 still other steps that you can take.

1 But the -- the corollary should be that in no
2 way should a Board Member ever communicate with staff or
3 subordinates on a -- on a taxpayer issue as it -- before
4 it's to be coming to the Board. Thank you.

5 MR. CHIANG: Very good.

6 Dave.

7 ---oOo---

8 DAVID R. DOERR

9 MR. DOERR: Dave Doerr with CalTax. I think I
10 have to agree with my good friend, Mr. -- disagree with
11 my good friend, Mr. Goldberg, on this issue.

12 Frankly, we have confidence the Board has the
13 integrity to hear people's opinions and then decide a
14 case on its merits. Which I guess Mr. Goldberg doesn't
15 really have. But we think that this goes to a
16 fundamental issue of fairness, is that -- that one side
17 of the case is the tax agency, and the other side is the
18 taxpayers. And tax agency staff always has access to
19 the Board.

20 I mean, if you cut off tax staff access to the
21 Board, then it would be impossible for the Board,
22 itself, to run the -- the agency.

23 So, -- and the taxpayers then should have equal
24 access. We further think that there's a general rule
25 embedded in the Constitution of the right of the people
26 to petition their government and seek redress of
27 grievances. And we think that the process should be
28 opened and people can come and be able to talk to their

1 elected representatives on -- on issues.

2 So, we think that the proposal is a good one.

3 MS. PELLEGRINI: Any other comments on
4 communication with Board Members?

5 Mr. Chiang.

6 MR. CHIANG: Thank you.

7 MS. PELLEGRINI: Next item.

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DISCLOSURE

MS. PELLEGRINI: The next item is Disclosure Section, and this is 5033 through 5033.3. And this is where there were two alternatives that are being proposed.

Anyone wishing to address the Board on these?

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LENNY GOLDBERG

MR. GOLDBERG: For the record, Lenny Goldberg, California Tax Reform Association. I would just say at this point, from looking at them, we appreciate Alternative 2. We believe that there -- that often in the -- again, trying to make an analogy to a Court or judicial proceeding, in a judicial proceeding in a tax matter you see a great deal of information about -- that is on the record, that the taxpayer knows when they are going to Court that they will have to make information public in a judicial process when it is -- when it is an appellate process.

And -- and in that way you find -- you can -- the public can see a lot about how the Courts handle tax matters and what -- what the factual basis is, what the legal basis is, for those decisions.

We appreciate that in Section 2 -- or Alternative 2 that there is some information that will be on the record that will be available to the public. So that as you are making your -- your adjudicatory decisions that there is -- that the public can

1 understand the basis for that.

2 I would say, however, that the phrase as I read
3 it "harmful to the taxpayer" is -- needs to be much more
4 clearly defined.

5 Does that mean harmful in the sense that their
6 competitors will know their operations? Is it harmful
7 in the sense that disclosing it would be legally
8 problematic or would be embarrassing to them?

9 I think there's -- it's -- there's a lot of
10 broad generality in the phrase "harmful" in -- in
11 Alternative 2.

12 So, we definitely prefer Alternative 2 and
13 think that that language needs further definition.

14 Thank you.

15 MR. CHIANG: Thank you.

16 MS. PELLEGRINI: Any other comments on
17 Disclosures?

18 ---oOo---

19 TERESA CASAZZA

20 MS. CASAZZA: My name is Teresa Casazza, with
21 the California Taxpayers Association. We do have some
22 concerns. The Alternative 1, I think it was portrayed
23 that Alternative 1 was mirror of current law. And the
24 third point that was mentioned about the documents
25 distributed to Board Members, we had a little concern
26 that that is not current law.

27 We do have concerns about Alternative 2. Our
28 members are very concerned about the confidentiality of

1 their business plans, marketing plans, other issues,
2 that it's not very clear what is actually going to be
3 disclosed or not. And the confidentiality issue is the
4 biggest one.

5 In looking at how Alternative 2 will be
6 implemented, it seems like it will have a chilling
7 effect on appeals, because if businesses don't want to
8 disclose what they are doing from a confidential nature,
9 as far as they're concerned, then they will frankly lose
10 their right to appeal, which I don't think is something
11 we would like to see.

12 Thank you.

13 MR. CHIANG: Thank you.

14 MS. PELLEGRINI: Any other comments on
15 Disclosures?

16 MR. CHIANG: Next item, please.

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ARTICLE 1

MS. PELLEGRINI: The next item -- we're going
take now the articles in numeric order and it would be
Article 1, Application of Parts and Definitions, which
is Section 5001 through -- and 5002.

Any comments?

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ARTICLE 2

MS. PELLEGRINI: We will now move then to Article 2, which is the requirements for scheduling Board hearings. Section 5003 through 5015.1.

Any comments?

Okay, we are now then --

MR. CHIANG: Debbie, one moment.

MS. PELLEGRINI: Thank you.

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LENNY GOLDBERG

MR. GOLDBERG: I'm sorry, I'd just like -- I would just like -- Lenny Goldberg, California Tax Reform Association. A general comment throughout this, which you know, they've -- you've done a very good job on putting all this together, but it would be very helpful to know where -- where rules are being changed. You know, when you have normal regulatory process, you say, "This is what we're changing."

So as you do -- I know it's a big document but it would be helpful as we go through this exercise to know what's new and what has been changed.

Thank you.

MR. CHIANG: Thank you.

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ARTICLE 3

MS. PELLEGRINI: Okay, we are now an Article 3,
which is the hearing agendas and the public agenda
notice, Section 5016 and 5017. Any comments?

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ARTICLE 4

MS. PELLEGRINI: The next would be Article 4,
arrival time and sign-ins.

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ARTICLE 5

Article 5, the conduct of board hearings.

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DAVID R. DOERR

MR. DOER: Dave Doerr of CalTax again. I think this issue came up earlier in the year and I recall we commented on it. I think Mr. Parrish raised the issue that in certain complicated cases we should -- the Board should have the authority to grant more than ten minutes.

And looking at this I don't see that option in this proposal of ten minutes, ten minutes. So we'd like to see that -- I think the Board took some action on Mr. Parrish's proposal, but I could be wrong.

But, anyway, I think the ideas that he had originally were good ones and maybe could be incorporated here, as well.

MS. PELLEGRINI: Any additional comments?

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ARTICLE 6

MS. PELLEGRINI: Article 6, which is the quorum voting and decisions. 5023 and 5024.

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LENNY GOLDBERG

MR. GOLDBERG: Yes, Lenny Goldberg, California Tax Reform Association. For most constituted bodies and frequently, if you say Board of Supervisors, Public Utilities Commission, the requirement for final action on a -- on an item is a majority of the Board, not a majority of those present in the voting. And I know there have been cases here there were two-to-one votes that were considered final votes by the Board. We believe that may take -- it may require statute, but we believe that of the five members -- a five-member Board is constituted, a final decision of the Board should require three votes, not that -- a two-to-one vote with a three-member quorum should not be acceptable as a matter of final decision.

And I don't believe that any -- certainly, the -- on amendments the Legislature will do that, but for -- but committees of the Legislature, member -- County Boards of Supervisors, elected bodies all over the State -- City Councils, you have to have a majority of the membership to take final action, not a majority of those present voting.

Amendments are different. Temporary measures which are majority of those present and voting. But, we

1 think that with regard to the quorum question there
2 really should be three members of the Board to make a
3 final decision.

4 ---oOo---

5 DAVID R. DOERR

6 MR. DOERR: Dave Doerr with CalTax again.
7 Again, I think we have to disagree with Mr. Goldberg.
8 One of the problems on this issue is the statute that I
9 think Mr. Goldberg had support in the Legislature
10 requiring the Board to recuse itself on matters where
11 there's contributions of a -- a certificate amount. So
12 a taxpayer needs to get a decision, and when the people
13 are -- have to abstain because of the statute, you have
14 to have a fewer number of Members voting on -- on
15 proposals.

16 So, clearly, in order to get a decision the
17 majority of quorum would appear to be appropriate.

18 MS. PELLEGRINI: Any other comments on Article
19 6?

20 MR. CHIANG: Let me offer something in response
21 to Dave. Just technical clarification,
22 non-participation, not an -- not an abstention.

23 Abstention is participation.

24 Thank you.

25 Next item, please.

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ARTICLE 7

MS. PELLEGRINI: Would be Article 7, Notice of Decisions, Petition for Rehearing, Decisions on Petitions for Rehearing, Rehearings and Suit in Superior Court. This is Section 5023 through 5030.

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BRUCE LANGSTON

MR. LANGSTON: This is Bruce Langston again, from Franchise Tax Board. You know, I apologize, I didn't have my comments organized this -- specifically by code section, but this looks like the ones that most of ours will fit under, so I'm just going to give them to you now and hope they're in the right place.

Just as a general comment, Franchise Tax Board staff has over the years worked with the State Bar and Board of Equalization staff for two major objectives. One, to propose changes in law and procedure; to make the process for the different taxes, Income Tax, Sales Tax, Business Taxes, much the same for practitioners so it's easy for them.

And also to conform somewhat to Federal tax Court and other Federal areas that practitioners are familiar with.

Another general comment that applies here, and all along, is we have a statewide e-government policy that we want to make sure is taken into account. The State is directing us wherever possible to go towards electronic transmission of documents,

1 elimination of paper, use of new technology. And we
2 want to work with the Board staff to make sure that is
3 included. We have a lot of -- the proposed regulations
4 still talk about the paper, filing new paper and mailing
5 things. And to the extent that we could modernize
6 those, we'd like to work with that.

7 We've found some technical conflicts with the
8 new regulations, especially in the specific area where
9 the old regulations talked about the burden of proof
10 being on the taxpayer except in certain circumstances.
11 That's not in these, and it -- we think it should be.

12 The post-hearing briefing situation where, as
13 you know, the Board can decide a decision at a Board
14 meeting, we get the decision sometimes quite a while
15 after that, but the deadline for filing our petition for
16 rehearing starts when the Board decides the decision.

17 That's a problem for both the State and the
18 taxpayer. Right now we can file some sort of a pro
19 forma petition for rehearing and supplement it later if
20 the decision comes out with something, you know, that --
21 that we feel we need to do a petition for rehearing.

22 We're concerned about using the service by mail
23 provisions. Again, that's inconsistent with some recent
24 statutory changes. Also, it's somewhat inconsistent
25 with the e-government provisions. We'll work with the
26 staff and submit written comments on that.

27 We are concerned about considering
28 jurisdictional and tax issues at the same time. Most

1 judicial forums you consider your jurisdictional issues
2 first. First you decide if you are properly before the
3 forum, and only after that you get to the substantive
4 tax issues.

5 We think that is a good model to follow.
6 It saves both the taxpayer and the State a lot of time.
7 You don't have to go through factual development, go
8 through briefing of complicated tax issues until you've
9 decided that you're properly in the forum.

10 The other thing is we want to make sure that we
11 provide for reasonable extensions and deferrals for
12 extraordinary events. You know, we -- right now we have
13 situations where there are disasters, there are
14 military. We have -- sometimes things needed to decide
15 the appeal are outside the FTB's or the Taxpayer's
16 control. For example, there -- we have a lot of appeals
17 awaiting, pending court decisions, asking the IRS for
18 Federal documentation. And we just want to make sure
19 that is also included.

20 So, those are sort of some general comments
21 that I think more -- most properly fit in this area.

22 Thank you.

23 MR. CHIANG: Thank you.

24 MS. PELLEGRINI: Any additional comments on
25 Article 7?

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ARTICLE 8

MS. PELLEGRINI: And then the last Article of this Part 5 is Article 8. That's mailing address for correspondence, timeliness of documents, public records and disclosures, subpoenas, transcripts and fees. This is Section 5031 through 5034.

That concludes then our -- the comments and the Articles in Part 5.

We now open it up to any other comments on any of the other parts or the regulations in general.

---oOo---

LENNY GOLDBERG

MR. GOLDBERG: In general I'll reiterate my comments about showing changes and new things. I just do want to make a comment on statement of intent, and I -- you know, this may be a little bit far afield, but the phrasing of delicate balance between revenue collection and freedom from government oppression.

Government oppression is a broad and philosophical political much-debated term. I would -- I would think that this body might use -- might substitute that phrase, arbitrary and capricious treatment of the taxpayer. I think you're running a little far afield and a little bit broadly in the general statement of intent. And that's my only other comment.

Thank you.

---oOo---

BRUCE LANGSTON

1 MR. LANGSTON: Thank you. Bruce Langston
2 again. One more comment. I would like to compliment
3 the staff on their work. They did a lot of work in a
4 short amount of time and we're -- we're very
5 appreciative and and we plan to work with them a lot.

6 One kind of overriding comment that Franchise
7 Tax Board staff is concerned about is if the Board is
8 going to go to a more adjudicatory proceeding, we want
9 to make sure there's some kind of equal treatment
10 between FTB and the Taxpayers in appeal proceedings.
11 That is situations where briefing is cut off, currently
12 FTB is not allowed to request an oral hearing. There
13 are circumstances where something is raised in the last
14 brief, FTB is not able to reply. That we'd like some
15 sort of ability to at least answer something that is
16 raised for the first time.

17 That's been an issue. And just in general
18 we -- we believe the timeframe should be the same for
19 responding. If taxpayers get 90 days, Franchise Tax
20 Board should get 90 days.

21 Thank you.

22 ---oOo---

23 SARAH ZIMMERMAN

24 MS. ZIMMERMAN: Hello. My name is Sarah
25 Zimmerman. I'm the Region Policy Director at SEIU Local
26 1000. And I'm looking at this hearing as the beginning
27 of a process.

28 We've a lot of members both at the Board of

1 Equalization and at the Franchise Tax Board. They're
2 looking forward to participating in this process and
3 working with us.

4 We have been looking over the past few months
5 at a lot of the issues that are being raised here.
6 We're very interested in continuing in discussion
7 looking at the appeals process, looking at the FTB
8 appeals process in front of the Board, looking at -- I
9 know there needs to be a balance of publishing
10 information and not setting precedential decisions, and
11 that's another piece of the conversation that we're very
12 interested in participating in.

13 We're also interested in looking at the issues
14 around ex parte communication. And recusement. And
15 looking at models of other agencies in California that
16 have a balance between free communication of the
17 rulemaking and looking at some limits to the
18 communication in judicial and quasi-judicial settings.

19 So, we see this as a lot of useful information
20 that we are going to be reviewing and coming back to you
21 in the next few months as we have a little more time to
22 digest this information that we were exposed to for the
23 first time in writing a couple of days ago.

24 So, we really appreciate this process and are
25 looking forward to working more closely with you over
26 the next few months.

27 MR. CHIANG: Thank you.

28 MS. PELLEGRINI: Any additional comments?

1 I would like to remind everyone that we passed
2 around the sign-in sheets so we could make sure you
3 could receive additional notices. If you came in late
4 and did not sign in, they are still in the foyer.

5 The other thing is please note that the next
6 meeting is October 26th. Each of our next subsequent
7 interested parties meetings follows a Board meeting day.
8 They are here in Sacramento. The next one is on Part 2,
9 which is the Sales and Use Tax, Timber Yield Tax and
10 Special Taxes and Fees.

11 And with that, the meeting is adjourned.

12 MR. CHIANG: Very good. Thank you very kindly.

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REPORTER'S CERTIFICATE

State of California)
) ss
County of Sacramento)

I, BEVERLY D. TOMS, Hearing Reporter for the California State Board of Equalization certify that on September 28, 2005 I recorded verbatim, in shorthand, to the best of my ability, the proceedings in the above-entitled hearing; that I transcribed the shorthand writing into typewriting; and that the preceding 54 pages constitute a complete and accurate transcription of the shorthand writing.

Dated: October 12, 2005.



BEVERLY D. TOMS
Hearing Reporter